

Message Text

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ACTION NEA-12

INFO OCT-01 ISO-00 TRSE-00 L-03 AID-20 ABF-01 IGA-02 FBO-01

FS-01 HEW-08 COME-00 SMI-01 NSF-04 AGR-20 SPC-03

SAM-01 EB-11 NSC-10 RSC-01 CIEP-02 SS-20 STR-08

OMB-01 CEA-02 CIAE-00 FRB-02 INR-10 NSAE-00 XMB-07

OPIC-12 LAB-06 SIL-01 DRC-01 /172 W

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R 011020Z MAR 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 9991

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E.O. 11652: N/A

TAGS: EFIN IN

SUBJECT: RUPEES: DISBURSEMENTS AFTER RUPEE AGREEMENT

REF: STATE 32411

1. APPRECIATE POSITION TAKEN IN STATE'S 32411. AID TO NEPAL/CON
VERSION ISSUE DEALT WITH IN NEW DELHI'S 2749.

2. WE WOULD APPRECIATE CLARIFICATION OF PARA 5 OF REFTTEL. WE REALIZE
THAT PROGRAMS FUNDED FROM APPROPRIATIONS BY CONGRESS TAKE PRECEDENCE
OVER OTHER EXPENDITURES. TO THE EMBASSY'S KNOWLEDGE THERE ARE ONLY
TWO TYPES OF RUPEE EXPENDITURES WHICH ARE NOT FUNDED FROM
APPROPRIATIONS, ACCOMMODATION EXCHANGE AND CERTAIN AID PROGRAMS
SUCH AS MONDALE GRANTS. (WE WOULD APPRECIATE CONFIRMATION OF THIS
UNDERSTANDING).

3. NO PROBLEMS WOULD APPEAR TO EXIST FOR ACCOMMODATION EXCHANGE
SINCE THERE ARE AMPLE AMOUNTS OF PL 480 RUPEES (PRIOR TO JUNE 30,
1974) AND NON-PL 480 RUPEES (JULY 1, 1974) FOR THIS PURPOSE.

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4. MONDALE, SECTION 204 AND OTHER AID OBLIGATIONS (ESTIMATED AT
RS. 78 MILLION AFTER JULY 1) CAN ONLY BE FUNDED BY PL 480 RUPEES AND

ADEQUATE RUPEES HAVE BEEN SET ASIDE IN THE COOLEY ACCOUNT FOR SUCH PURPOSES. THE ONLY PROBLEM WE ARE AWARE OF RELATES TO EXISTING OBLIGATIONS UNDER JOINT RESEARCH PROJECTS. THESE WERE ORIGINALLY ESTIMATED AT RS 91 MILLION BUT (IN OUR VIEW) ARE ACTUALLY LIKELY TO BE SUBSTANTIALLY LOWER. EVEN ASSUMING THE LOWER FIGURE IS CORRECT, WE WILL FALL SHORT OF COVERING THIS IN THE RS. 190 MILLION SET ASIDE ONCE FBO CONSTRUCTION PROJECTS ARE ALSO TAKEN INTO CONSIDERATION.

5. THIS ISSUE APPEARED TO US TO HAVE BEEN RESOLVED BY STATE'S 240788 OF DECEMBER 8, 1973 WHICH POINTED OUT THAT ALMOST ALL THE AGENCIES UNDERTAKING JOINT RESEARCH IN INDIA HAD AUTHORITY TO UTILIZE NON-PL 480 RUPEES AND AUTHORIZED US TO ACNPNPTIE#FIGURE OF UNDER RS. 200 MILLION IN THE COOLEY ACCOUNT. IF, INDEED, JOINT RESEARCH CAN BE FUNDED FROM THE RUPEE ACCOUNT THIS WOULD BE THE BEST COURSE OF ACTION - PERHAPS ONLY RESERVING SUCH PROJECTS AS ARE NECESSARY TO MAKE UP THE DIFFERENCE BETWEEN AID MONDALE DISBURSEMENTS PLUS FBO CAPITAL EXPENDITURES AND THE RS. 190 MILLION SET ASIDE. COULD WE HAVE CONFIRMATION THAT AGENCIES SUCH AS HEW, NBS, NOAA, SMITHSONIAN, NSF, ETC. CAN UTILIZE NON-PL 480 RUPEES AFTER JULY 1 TO FUND THE REMAINING YEARS OF EXISTING JOINT RESEARCH AGREEMENTS AND THAT EMBASSY MAY SO FUND THIS RESEARCH AFTER JULY 1. IF THIS IS NOT PRESENTLY THE CASE, CAN THESE AGENCIES TAKE ADMINISTRATIVE ACTION SO THAT EMBASSY MAY SWITCH THE BASIS OF FINANCING TO NON-PL 480 RUPEES AFTER JULY 1.

6. REGARDLESS OF THE ANSWER TO THESE QUESTIONS, WE WISH TO REITERATE THE NEED FOR CLARIFICATION AND ITEMIZATION ON ONGOING (ACTIVE) JOINT RESEARCH OBLIGATIONS (PREFERABLY FOR JULY 1, 1974 ONWARDS) (FOR ALL AGENCIES EXCEPT AGRICULTURE WHERE OUR DATA ARE AVAILABLE HERE. IN ORDER TO AVOID MISUNDERSTANDINGS OF THE TYPE THAT AROSE EARLIER, WE WISH TO STRESS THAT WE ARE SEEKING DATA ONLY ON OUTSTANDING OBLIGATIONS WHERE BOTH GOVERNMENTS HAVE ALREADY APPROVED THE PROJECT. SINCE THERE HAVE BEEN VIRTUALLY NO NEW APPROVALS SINCE JUNE 1972 MOST DISBURSEMENTS WILL PRESUMABLY HAVE TAKEN PLACE AND REMAINING OBLIGATIONS SHOULD NOT BE LARGE.

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7. FINALLY, IN ORDER TO AVOID FUTURE DIFFICULTIES WE RECOMMEND IT BE MADE CLEAR TO ALL AGENCIES UNDERTAKING FUTURE JOINT RESEARCH PROJECTS IN INDIA THAT THEIR PROJECTS WILL NEED TO BE FUNDED BY NON-PL 480 RUPEES. THIS PROBLEM ARISES IMMEDIATELY FOR AGRICULTURE, WHERE MINISTRY OF FINANCE APPROVAL HAS BEEN OBTAINED ALREADY AND FORMAL GOI APPROVAL IS EXPECTED ANY DAY. OTHER AGENCIES' PROJECT APPROVALS ARE ALSO PROCEEDING WELL AND CAN BE EXPECTED SOON.
MOYNIHAN

NOTE BY OCT: NEW DELHI 2936 # AS RECEIVED.
WILL BE SERVICED ON REQUEST.

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